



DEFENSE LOGISTICS AGENCY
THE DEFENSE CONTRACT MANAGEMENT COMMAND
8725 JOHN J. KINGMAN ROAD, SUITE 2533
FT. BELVOIR, VIRGINIA 22060-6221

IN REPLY
REFER TO

AQOC

October 9, 1996

MEMORANDUM FOR COMMANDERS, DCMC CONTRACT ADMINISTRATION OFFICES

SUBJECT: DCMC MEMORANDUM NO. 96-59, Requirement for Payment by Electronics Funds Transfer (INFORMATION)

This is an INFORMATION memorandum, effective through September 30, 1997. Target Audience: Administrative Contracting Officers and Contract Administrators.

The Director, Defense Procurement issued a Memorandum, dated July 25, 1996 (Attach 1), implementing the requirements of Public Law 104-134 which requires certain contract payments be made by Electronic Funds Transfer (EFT). This requirement applies to most new contracts resulting from solicitations issued on or after July 26, 1996.

Regulations are being developed to formally implement this requirement; however, pending completion and approval of the regulations, Contracting Officers at the Buying Offices have been directed to immediately begin including Clause 52.232-28, Electronic Funds Transfer Payment Methods, in all solicitations issued on or after July 26, 1996, and in resulting contracts which meet the requirements set forth in the memorandum. Contracting Officers will assign a special code ("EFT: T") to the contract indicating payment is to be made by EFT. These special codes are designated in the memorandum issued by the Director, Defense Procurement, dated July 31, (Attach 2). Administrative Contracting Officers are alerted to look for the code on contracts issued after July 26, 1996.

The absence of contractual terms for EFT in a contract will not waive statutory requirements that payment be made by EFT for contracts subject to the law. However, payment other than EFT can be made if the recipient of a federal payment meets certain criteria and provides appropriate documentation to the payment office,

Please direct any questions you may have to Ms. Josephine E. Ross, Business Practices and Contract Payment Team (703) 767-3442 or DSN 427-3442.

JILL E. PETTIBONE
Executive Director
Contract Management Policy

Attachments



OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON DC 20301-3000



ACQUISITION AND
TECHNOLOGY

July 31, 1996

DP/CPF

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES
DEPUTY FOR ACQUISITION AND BUSINESS MANAGEMENT,
ASN(RD&A)ABM
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING)
DEPUTY, PROCUREMENT POLICY, ASA(RD&A)/SARD-PP
DEPUTY DIRECTOR (ACQUISITION), DEFENSE LOGISTICS
AGENCY

SUBJECT: Code for Payment By Electronic Funds Transfer

By memorandum dated July 25, 1996, copy attached, I advised you of a new statutory requirement for payment by Electronic Funds Transfer (EFT). A code has been assigned to be put on contracts required to be paid by EFT. The following instructions apply to the use of that code.

For paper contracts, this code shall be included by placing the phrase "EFT: T" in the same location as the payment office address. Where possible, place this on a separate line immediately above or below the payment office address lines. Alternatively, place it in the same block, but clearly separated from the address text.

For MILSCAP transmissions, the code "T" shall be carried in the MILSCAP PAB record in positions 75-79. Routine MILSCAP procedures apply.

For transmissions in version 3050 of the X12 850 and 860 transaction sets, the code "T" shall be incorporated in the LM/LQ loop. The correct X12 data expression is: LM01=DF, LQ01=6, LQ02=T.

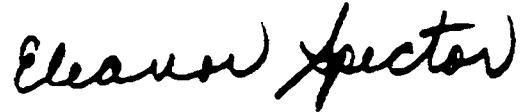
For transmissions in version 3010 of the X12 850 and 860 transaction sets, in lieu of the code "T," the code "E" shall be inserted in the ITD Segment, Position 14, Payment Type Code.

For other transmissions, including proprietary feeds, the sending and receiving system operators shall establish mutually acceptable arrangements.



Questions concerning contract usage should be directed to Mr. John Galbraith, USD(A&T)/DP/CPF (Voice: (703) 697-6710, FAX: (703) 614-1254, E-Mail: Galbrajs@ACQ.OSD.MIL).

Questions concerning system implementation should be directed to Mr. Tom Wheel, DLA-AQAC-E (Voice: (703) 767-6394, FAX: (703) 767-6378, E-Mail: thomas_wheel@hq.dla.mil).

A handwritten signature in black ink, reading "Eleanor Spector". The signature is fluid and cursive, with the first name "Eleanor" and the last name "Spector" clearly distinguishable.

Eleanor R. Spector
Director, Defense Procurement

Attachment



ACQUISITION AND
TECHNOLOGY

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON DC 20301-3000



July 25, 1996

DP/CPF

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES
DEPUTY FOR ACQUISITION AND BUSINESS MANAGEMENT,
ASN(RD&A)ABM
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING)
DEPUTY, PROCUREMENT POLICY, ASA(RD&A)/SARD-PP
DEPUTY DIRECTOR (ACQUISITION), DEFENSE LOGISTICS
AGENCY

SUBJECT: New Statutory Requirement for Payment By Electronic
Funds Transfer

Section 3332 of Title 31, United States Code, as amended by Public Law 104-134 (Omnibus Consolidated Recission and Appropriations Act of 1996 and Debt Collection Improvement Act of 1996), requires certain contract payments be made by Electronic Funds Transfer (EFT). This requirement will apply to payments made under most new contracts resulting from solicitations issued on or after July 26, 1996. This requirement is part of a larger statutory requirement that payments to many new federal beneficiaries, employees and retirees be made by EFT.

Department of Treasury and acquisition regulations are being developed. However, pending completion and approval of those regulations, contracting officers should immediately begin including the clause at 52.232-28, Electronic Funds Transfer Payment Methods, in all solicitations issued on or after July 26, 1996, and in resulting contracts which:

- (1) will not be paid through use of the Governmentwide commercial purchase card,
- (2) are issued by contracting officers within the United States, and Puerto Rico, and
- (3) are denominated and paid in United States Dollars.

A code is being assigned to indicate that payment is to be made by EFT. Contracting officers shall ensure that this code is affixed to awards resulting from the above solicitations issued on or after July 26, 1996, indicating that payment is to be made by EFT. This code will be provided by separate cover.



The absence of contractual terms for EFT in a contract will not waive the statutory requirement that payment be made by EFT for contracts subject to the law.

The statute provides that the Government shall pay by means other than EFT if the recipient of a federal payment certifies in writing that the recipient does not have an account with a financial institution or payment agent. These certifications shall be submitted by the contractor directly to the cognizant payment office, in lieu of the EFT information required by the clause.

If you have any questions please contact Mr. John Galbraith, USD(A&T)/DP/CPF, (Voice: (703) 697-6710, FAX: (703) 614-1254, E-Mail: Galbrajs@ACQ.OSD.MIL).

A handwritten signature in cursive script, reading "Eleanor Spector".

Eleanor R. Spector
Director, Defense Procurement